

Message Text

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PAGE 01 SEOUL 05632 280648Z

21

ACTION EA-14

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-03

COME-00 DODE-00 EB-11 FPC-01 H-03 INR-11 INT-08 L-03

NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01 SCI-06

SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02 OPIC-12 PA-04

PRS-01 USIA-15 DRC-01 /180 W
----- 079430

R 280559Z AUG 74

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 5588

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STATE PASS OPIC

E.O. 11652: N/A

TAGS: EFIN KS

SUBJECT: KYUNG IN POWER PROJECT - POSSIBLE EXPROPRIATORY ACTION

REF: STATE A-5245

1. EMBOFF AND VISITING OPIC OFFICIAL CHARLES F. LIPMAN
MET WITH REPRESENTATIVE OF KYUNG IN ENERGY CO., LTD. (KI)
ON AUGUST 22 TO DISCUSS ROKG OIL PRICE POLICY.

2. KI REP CONFIRMED THAT KI WAS TAKING SECOND ACTION
ALTERNATIVE LISTED IN PAGE 3 OF REFAIR ATTACHMENT AND
APPROCHING ROKG ON PRICE PROBLEM.

3. KI RECIEVED MCI APPROVAL ON FUEL OIL RATES AS PART OF
RECENT APPROVAL ON SPOT PETROL SALE TO SUPPLY INCHON NO.
2 POWER PLANT. KI HAS NOT YET APPROACHED MCI ON POWER
CONTRACT. ALL THREE JOINT VENTURE OIL FIRMS (KI, KOREA
FUEL OIL AND HONAM OIL REFINERY) PLAN SUBMIT PRICE INCREASE
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PAGE 02 SEOUL 05632 280648Z

REQUEST SOON.

4. KI DID NOT WANT OPIC OBTAIN INDEPENDENT LEGAL
OPINION ON FUEL CONTRACT.

5. KI IS ONLY PRIVATE KOREAN COMPANY IN POWER GENERATION.
POWER GENERATION BUSINESS MAKES PROFIT FOR KI AND THIS YEAR
HAS BALANCED LOSSES FROM SALE OF KI REFINERY PRODUCTS.
OTHER US JOINT VENTURE OIL FIRMS ARE DEPENDENT SOLELY
ON SALE OF REFINERY PROUDCTS AND REPORTEDLY ARE RUNNING
IN THE RED SO FAR THIS YEAR.

6. GULF OIL IS REPORTED TO BE DIVESTING ITSELF OF ITS
EQUITY IN A NAPTHA CRACKING PLANT AT ULSAN. THE ULSAN
NAPTHA PLANT REPROTEDLY ACCOUNTS FOR \$50 MILLION OF GULF'S
KOREA INVESTMENT.

7. KI SITUATION SEEMS TO BE RESOLVED AND BOTH EMBASSY AND
VISITING OPIC OFFICIAL LIPMAN FEEL NO US GOVERNMENT
ACTION IS REQUIRED AT THIS TIME.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, JOINT VENTURES, PRICES, CONTRACTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SEOUL05632
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740237-0930
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740811/aaaaaiyv.tel
Line Count: 81
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE A-5245
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 06 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Aug-2002 by kelleyw0>; APPROVED <05 MAR 2003 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KYUNG IN POWER PROJECT - POSSIBLE EXPROPRIATORY ACTION
TAGS: EFIN, ENRG, KS, US, OPIC, KYUNG IN ENERGY CO LTD, (LIPMAN, CHARLES F)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005